



BOLIVIA: Microfinance Project Helps Alleviate Poverty

Loans and business training help create jobs and improve the lives of beneficiaries



Victoria lives in Lourdes, a poor neighborhood in Tarija, Bolivia, where she is part of “Las Bendecidas” (The Blessed) savings and loan group. She sells small kitchen items such as dish towels, wash cloths and sponges. Read her story to the right “In Their Own Words.”

PROJECT OVERVIEW

CONTEXT: Bolivia is one of the poorest countries in South America, with about 60 percent of its population living below the poverty line. Natural gas has emerged as a major source of export revenue and Tarija, a southern Bolivian city, has the second-largest natural gas reserves in South America. Increased gas revenues and foreign investment are fueling growth and legitimizing Tarija as the next Bolivian industrial hub. A wide range of small businesses in rural and urban Tarija could benefit from this growth, but political tensions among the government, multinational corporations and indigenous people have kept many people from benefiting.

NEED: Many Tarija residents lack collateral, blocking them from access to financial services and engaging in economic opportunities. People need education and access to loans to help them overcome poverty, create jobs and transform their lives.

SOLUTION: Microfinance training can empower poor

populations and provide a valuable tool to assist in economic development. Five Talents International (FTI) will work with impoverished people to instill the practices of saving and borrowing and teach them business skills so they can develop small businesses. This project promotes savings groups in urban and rural communities in Tarija. The project focuses on people who lack access to existing financial services due to geographic or economic barriers.

LIFE IMPACT

Benefits 1,925 people, some through multiple impacts:

- COMMUNITY ENGAGEMENT:** 275 people join savings groups and benefit from business training; 1,650 people – an average of six family members per beneficiary – will experience improved household income
- SPIRITUAL ENGAGEMENT:** 275 members of the savings groups will be exposed to a curriculum based on Christian values and a biblical worldview

PROJECT PROFILE

ID: ARDF-0709-Bolivia

Community Engagement 1,925
Spiritual Engagement 275

Ministry Partner
FIVE TALENTS INTERNATIONAL (FTI)



Lives Impacted 1,925

Ministry Focus **HOLISTIC**

Amount Requested **\$36,590**

Risk Low High

Breadth/Depth Breadth Depth

Timeline 12 MONTHS

IN THEIR OWN WORDS

“[Victoria’s] husband is now living in Argentina to find more profitable work in a textile factory. ... On the night we met her, she received her second loan of \$11.43, which she is using to expand her business of selling small kitchen items. ... Victoria is closer to the Lord since becoming part of the savings and loan group. ... She believes that she can ask for anything and that he will be at her side to help her.”

— as told by FTI staff in Tarija



WHAT IT'S LIKE NOW

“Bolivia is one of the poorest and least-developed countries in Latin America. ... In early 2008, higher earnings for mining and hydrocarbons exports pushed the current account surplus to 9.4 percent of GDP and the government’s higher tax take produced a fiscal surplus after years of large deficits. Private investment as a share of GDP, however, remains among the lowest in Latin America, and inflation remained at double digit levels in 2008.”

— www.cia.gov/library/publications/the-world-factbook/geos/BL

“Tarija, the fourth Media Luna province, has just 4.9 percent of Bolivia’s population but 85 percent of the country’s natural gas reserves. ... Tarija leads with 60 percent of the country’s [natural gas] production. ... Tarija recorded a per capita [annual] income of \$3,529 in 2008.”

— www.cepr.net/documents/publications/bolivia_land_2008_07

PROJECT DESIGN

This project focuses initially on 10 savings and credit groups in Tarija and 13 in outlying rural areas, with about 12 members per group. FTI staff will train and mentor small groups, encouraging them to save money and form a credit association. Their capacity to save and borrow will be built and strengthened with business skills training conducted over eight to 12 months.

Sara and Eva Mamani, full-time FTI staff members, will work with the Association of Evangelical Churches to identify communities and make contact. They will invite community members to a meeting where the concept of credit and savings groups will be introduced. Those interested in forming a savings group will meet with FTI staff and learn about saving money, interest rates and how loans are given and rotated among group members. FTI and the Chalmers Center for Economic Development have developed a curriculum with a biblical worldview that will nurture Christian values during these meetings. Group members will learn to build businesses, market their products and keep records of their income and expenditures. Group members and their families are expected to benefit from improved income and savings, access to credit and help

establishing income-generating microenterprises.

Measuring impact. A committee providing oversight and guidance to the field staff will include the Rev. Walter Barrientos of the Anglican Church, Tarija; the Rev. Santiago M. Montes, head of the local pastors association; and another pastor who is involved in women’s ministry. This committee will meet quarterly with the staff. Sara and Eva Mamani will report directly to FTI after each community meeting, using text messages. FTI will collate the material.

TRACK RECORD

FTI was founded in 1998 to address poverty. Its founders, including Anglican Church leaders, wanted to spur creation of small businesses. FTI brought its micro-credit programs to Tarija in 2004, attracting the participation of some 15 different Christian organizations and churches. Sara and Eva Mamani volunteered to start rotating savings groups and in 2008 “Semillas de Bendición” (Seeds of Blessing) was initiated. To date, 21 groups have been formed and the repayment rate is 100 percent. The members are borrowing from each other’s savings and the community social capital has been effective in preventing defaults.

PROJECT BUDGET

ITEM	REQUESTED	LOCAL/OTHER
Staff training workshops ¹	\$5,000	
Transportation ²	\$5,000	
Two full-time staff in the field ³	\$4,000	
Five Talent staff ⁴	\$4,000	
Research and evaluation fee	\$3,920	
Savings and credit mobilization and training	\$3,000	
Five Talent administration costs ⁵	\$2,970	
Laptop, printer and projector	\$2,700	
Baseline study	\$2,500	
Accommodations ⁶	\$2,000	
Telecommunication ⁷	\$1,000	
Contingency	\$500	
TOTAL	\$36,590	

 This mark is used throughout the report to indicate additional information available upon request.

SOURCES OF FUNDS

NOTES:

- refresher course in Peru for Sara and Eva Mamani, airfare, accommodations and meals
- visits to savings and credit group communities
- salaries for Eva and Sara Mamani
- community meetings, communication with FTI in the United States after each community meeting and the cost of collating material
- includes 10 percent overhead cost for FTI
- includes food and lodging during group training and visits
- covers cell phones and Internet connection

 Requested
 Local/other



COST FOR ONE BENEFICIARY: \$19

ANALYSIS



CONCEPT: 1

Microfinance programs makes lending to the poor sustainable as the self-employed repay the loans and seek savings opportunities to make future investments. Profits from commercial activities strengthen sources of income for the households and, in turn, increase household savings.

PROGRAM DESIGN & EXPERIENCE: 2

This project fights poverty, creates jobs and transforms lives. FTI has secured the services of two Bolivian women with extensive training in implementing credit and savings groups. FTI started savings and credit work in Bolivia in 2008, but the full impact of the work has not been seen.

LEADERSHIP: 1

FTI and its leaders are knowledgeable in holistic ministry and have gained significant experience. Leadership has been strategic in identifying suitable microcredit models to address poverty.

FINANCIAL CONTROL: 1

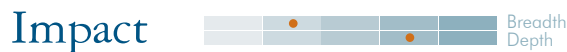
FTI has stable management, externally audited financial statements, independent governance and secure wire transfer methods.

SUSTAINABILITY: 1

FTI funding is from external sources. It partners with local Anglican dioceses to oversee operations after the projects begin. The savings groups are community-based, self-selected and built on trust. Savings groups borrow from each other's savings, knowing their co-members are trustworthy and will repay the loan. This makes the project sustainable in the long term.

EXTERNAL: 2

Tarija is home to more than 20 indigenous groups and a growing number of migrants. Tarija has long held a marginal position in Bolivia's economy and politics, but the discovery of vast natural gas resources is rapidly transforming the region and has been the issue of much political tension.



BREADTH: 2

This project will promote credit and savings in 23 urban and rural communities, empowering 275 members and their families (1,925 people) with opportunities to break the cycle of poverty. It could increase household income and improve wellbeing at a cost of \$19 per beneficiary.

DEPTH: 4

This project equips and empowers individuals, families and the community with knowledge and skills to facilitate income growth and alleviate poverty - both of which can be passed on to the next generation. The project also cultivates the knowledge and hope of God's love.

IMPLEMENTER FINANCIALS*

This project adheres to some or all of this sector's established best practices

INCOME	2005	%	2006	%	2007	%
Contributions	525,708	70	562,880	58	652,164	74
Local, restricted donations	191,757	26	384,689	40	189,032	22
In-kind contributions	26,538	4	20,323	2	26,447	3
Investment earnings	789		1,353		4,396	1
TOTAL	744,792		969,245		872,039	

EXPENDITURES	2005	%	2006	%	2007	%
Program and fund-raising	542,764	67	555,928	62	502,332	57
Salaries	244,876	30	303,167	34	350,523	39
Administration	27,918	3	35,366	4	38,558	4
TOTAL	815,558		894,461		891,413	
SURPLUS / (DEFICIT)	(70,766)		74,784		(19,374)	

NOTES:

*Income and expenses reported in U.S. dollars

INCOME: Total income grew 17 percent during the period in view, with the highest income received in 2006. The sources of income as a percentage of total income have been consistent, with contributions being the major source of income. There was an 100 percent increase in restricted net assets in 2006, followed by a decrease in 2007 below 2005 levels. In-kind contributions have remained relatively stable through the review period.

EXPENDITURES: Expenses grew by 9 percent during the period in view, compared to a 17 percent increase in income, resulting in an overall decrease in deficit in 2007. The highest expenditure was reported in 2006, which is consistent with the highest income recorded the same year. The ranking of expenditure categories by value and by percentage of the total has been consistent, with program and fund-raising expenses being the highest. Administrative costs have remained relatively stable as a percentage of total expenditures.

PROGRAM RECOMMENDATION

"FTI organizes mission teams to train the community in business skills, and also organizes for professionals to be attached to the project. Since the Business As Mission component was introduced in 2007, over 500 people from the groups have undergone the training and now have the necessary skills to draw viable business plans, keep records, etc. I have worked together with the FTI leadership on programmatic issues and planning. FTI leadership has very qualified and competent personnel. ... Overall, FTI has the necessary organizational and technical capacity to provide the necessary assistance for the savings and credit groups and I do not hesitate to recommend them."

— Peterson Karanja, executive director, Thika Community Development Trust, a project of the Anglican Diocese of Thika, Kenya, started in 2004

LEADERSHIP PROFILES

Craig Cole, FTI president and CEO, spent four years with Food for the Poor, a U.S. relief and development organization, before starting FTI. His background includes:

- board member, Episcopalians for Global Reconciliation, the Advisory Council for The Trinity Forum Academy and the Diocese of Virginia Mission Committee
- frequent speaker at conferences, including the 2006 Microcredit Summit Campaign
- a master's degree in economic development from Eastern College, St. Davids, Pa.
- a bachelor's degree in journalism from the University of Iowa

Suzanne Schultz has been the director of programs for Five Talents International since 2005. Her background includes:

- more than 15 years working in the private sector, managing marketing and sales divisions, government contracts and acquisitions
- short-term assignments in Venezuela and Kenya
- a bachelor's degree in international relations and Latin American studies

REFERENCES

"I have had the pleasure of working with several FTI leaders – especially Craig Cole. We are honored to partner with FTI in several projects. We have sent three missionaries to work primarily on FTI projects globally. ... I would say their team works well together. Two measurable factors attest to this: significant growth over a relatively short period of time and Kingdom fruit. FTI is committed to the whole person – seeking to serve the poor through microenterprise development efforts while sharing the transforming love of Jesus Christ."

— *Stewart, Wicker, president and mission director, South American Missionary Society (SAMS)*

BEST PRACTICES

Fund projects that:

- allow participants and implementers to view themselves as loved beings with a vocation of value, made in the image of God
- promote community participation and ownership of the development process
- can be sustained by the community
- work intimately with the local church
- provide spiritual growth

Researcher's Statement



Siyumi Yanthrawaduge
Research Analyst
July 2009

Poverty can prevent people from doing many things, including getting an education or healthcare, and accessing basic needs like clean water, food and shelter. Much-needed credit at reasonable interest rates will allow people to affect change in their own lives and, in turn, make a positive impact on the community. Basic training, done in partnership with the local church and diocese, can help individuals develop holistically. However, the success of these groups is dependent on the beneficiaries' trust and commitment. To minimize these risks, beneficiaries will choose their own team members and will undergo training to cultivate and strengthen these attributes and develop true Christian values.



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Global Scripture Impact
1550 Liberty Ridge Drive
Suite 330
Wayne, PA 19087
484.654.3490
www.gsimpact.org

HOW TO FUND THIS PROJECT

PROJECT RECAP

ID	- ARDF-0709-Bolivia
Implementer	- Five Talents International
Timeline	- 12 months
Requested	- \$36,590
Modified	- 082509



The Anglican Relief
and Development Fund

For information about the fund or projects, write to:
Canon Nancy Norton
535 Smithfield St, Suite 910
Pittsburgh, Pa. 15222
E-mail: nancy@anglicanaid.net

INSPIRATION

The King will reply, "I tell you, whenever you did this for one of the least important of these followers of mine, you did it for me!"

— *Matthew 25.40, GNT*